

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* WESTERN WASHTENAW CONST. AUTH.	County* WASHTENAW	Type* AUTHORITY	MuniCode* 81-7-526
Opinion Date-Use Calendar* Dec 8, 2008	Audit Submitted-Use Calendar* Dec 17, 2008	Fiscal Year End Month* 06	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Auditors of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies?
<input checked="" type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ? \$ 99,881.00
General Fund Expenditure:	<input type="checkbox"/> ? \$ 101,403.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> ? \$ 90,459.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ? \$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* DOUGLAS	Last Name* ATKINS	Ten Digit License Number* 1101016353		
CPA Street Address* 2880 SPING ARBOR RD	City* JACKSON	State* MI	Zip Code* 49203	Telephone* +1 (517) 782-9351
CPA Firm Name* MARKOWSKI & COMPANY	Unit's Street Address* 912 CITY ROAD	Unit's City* MANCHESTER	Unit's Zip* 48158	

**WESTERN WASHTENAW CONSTRUCTION AUTHORITY
WASHTENAW COUNTY, MICHIGAN**

**AUDITED FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION**

JUNE 30, 2008

WESTERN WASHTENAW CONSTRUCTION AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2008

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CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Authority Board
Western Washtenaw Construction Authority
Washtenaw County, Michigan

We have audited the financial statements of the Western Washtenaw Construction Authority as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

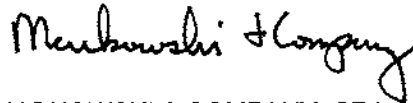
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Western Washtenaw Construction Authority as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and budgetary comparison information are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Authority Board
Western Washtenaw Construction Authority
Washtenaw County, Michigan

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The accompanying required supplementary information, as described in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yours truly,

A handwritten signature in cursive script that reads "Markowski & Company".

MARKOWSKI & COMPANY, CPAs
December 8, 2008

Management's Discussion and Analysis

Using this Annual Report

The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Construction Authority as a whole and present a longer-term view of the Authority's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide financial statements.

The Construction Authority as a Whole

Net assets decreased for the year ended June 30, 2008.

Current assets decreased for the year as cash was used in paying for inspections that had previously been paid for.

Total liabilities decreased as deferred revenues decreased as purchased permits have slowed and older permits are being finalized and inspectors paid.

The overall financial position of the Authority remains stable.

In a condensed format, the table below shows the statement of net assets as of June 30, 2008:

	Governmental Activities	
	2008	2007
Assets	\$ 117,514	\$ 129,262
Current Liabilities	13,028	13,918
Non-current Liabilities	13,560	21,920
Total Liabilities	26,588	35,838
Net Assets		
Unrestricted	\$ 90,926	\$ 93,424

Management Discussion and Analysis

The Construction Authority as a Whole (Continued)

Revenues continue to decline due to the lack of new home construction and a depressed economy. The majority of program revenues (permit fees) were primarily from smaller projects. This resulted in lower revenues for the Authority.

The year started off slower than in prior years and overall revenues decreased by 13.3% from the prior year. Total permits issued decreased by 10%. The number of permits issued for the year ended June 30, 2008 was 490.

The Construction Authority has been busy completing many of the projects that were started in the previous year. Completing previous inspections impact cash flow as inspections are paid for in advance and cash is used in many cases in future periods as inspection fees are paid.

The following table shows the changes of the net assets of June 30, 2008:

	Governmental Activities	
	2008	2007
Program revenues	\$ 96,340	\$ 110,595
Interest income	2,190	3,477
Other revenues	1,351	813
Total revenues	99,881	114,885
Program expenses	102,379	117,973
Change in net assets	\$ (2,498)	\$ (3,088)

The Authority's Funds

The Construction Authority fund financial statement provides detailed information about the governmental services provided. The Western Washtenaw Construction Authority is an interlocal agency created for the purpose of combining the building and trade permits with soil erosion and sedimentation control permits. The most significant expenses are personal services and fees paid to inspectors. Due to a decrease in the number of permits purchased, additional time is available for follow up on expiring permits. This reduces the number of permits that expire, and are archived without inspections.

General Fund Budgetary Highlights

The original budget adopted for the Authority projected a \$12,500 decrease in fund balance. As the year progressed, and actual events took place an amended budget was adopted to reflect the changing financial picture.

The final Authority amended budget projected no change in fund balance. Actual fund balance decreased by \$1,522.

Management Discussion and Analysis

Capital Assets

At the end of 2008, the Authority had \$1,907 invested in capital assets, \$9,165 cost less \$7,258 in accumulated depreciation. The Authority's capitalization policy is to expense items purchased for less than \$1,000. No capital acquisitions were acquired during the year ended June 30, 2008.

Economic Factors and Next Year's Budget

The economic viability of the Authority will continue to decline with the lack of new construction. The Authority increased some of its fees to close some gaps in the fee schedule. Building activity seems to be on a level not seen since the late 1970's, and early 1980's, prior to the Authority's creation. Management is discussing steps that will reduce the expenses by reducing office hours. Major factors affecting the Authority are the depressed building industry and the distance from major urban areas and lack of major thoroughfares to provide access to these areas. Individuals are looking elsewhere due to the high cost of fuel. The few new homes being built now are by individuals that have been in the planning stage for some time and have come to a point where they can proceed, other factors notwithstanding.

The soil erosion program has declined with the lack of new construction. However, with the gravel pits and the occasional residential project, the SESC seems to be able to hold its own. The Authority continues to monitor SESC cash flow, income, expenses and inspection activity level on a monthly basis as the number of individuals performing work without the required permits is increasing. Diligence on the part of the inspectors helps in bringing these to light. However in some cases, enforcement proceedings may need to be pursued with legal fees being born by the local jurisdiction. Every effort is made to bring the violations into voluntary compliance and gain cooperation. Two of the Authority's members have passed ordinances making violations civil infractions, which will reduce the legal entanglements and expenses.

With continued diligence by the Board and management in controlling costs, the Authority should be able to provide a good level of service for many years to come. Management estimates that under current economic conditions, there are resources to provide continued services for three to four years before additional member support would be required.

Contacting the Authority's Management

This financial report is intended to provide our customers with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Authority's office located at 912 City Road, Manchester, Michigan 48158.

WESTERN WASHTENAW CONSTRUCTION AUTHORITY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

WESTERN WASHTENAW CONSTRUCTION AUTHORITY
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS
JUNE 30, 2008

	GOVERNMENTAL FUND	RECONCILING ITEMS	STATEMENT OF NET ASSETS
ASSETS:			
Cash and cash equivalents	\$ 115,296	\$ -	\$ 115,296
Accounts receivable	311	-	311
Capital assets, net	-	1,907 (a)	1,907
Total assets	<u>\$ 115,607</u>	<u>1,907</u>	<u>117,514</u>
LIABILITIES:			
Accounts payable	\$ 3,681	-	\$ 3,681
Accrued payroll	853	-	853
Compensated absences	-	1,440 (b)	1,440
Accrued expenses	1,554	-	1,554
Performance bonds	5,500	-	5,500
Deferred revenue - Permits	13,560	-	13,560
Total liabilities	<u>25,148</u>	<u>1,440</u>	<u>26,588</u>
FUND BALANCES:			
Undesignated	<u>90,459</u>		
Total liabilities and fund balance	<u>\$ 115,607</u>		
NET ASSETS:			
Unrestricted		467	90,926
Total net assets		<u>\$ 467</u>	<u>\$ 90,926</u>

(a) Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental fund balance sheet. Capital assets are net of accumulated depreciation.

(b) Accrued leave is not recognized in the governmental fund financial statements. The government-wide statement of net assets include such obligations.

The accompanying notes are an integral part of these financial statements.

WESTERN WASHTENAW CONSTRUCTION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	GOVERNMENTAL FUNDS	RECONCILING ITEMS	STATEMENT OF NET ASSETS
REVENUES			
Permits	\$ 88,873	\$ -	\$ 88,873
Interest income	2,190	-	2,190
Soil erosion	7,467	-	7,467
Other income	1,351	-	1,351
Total revenues	<u>99,881</u>	<u>-</u>	<u>99,881</u>
EXPENDITURES			
Wages	36,147	629 (a)	36,776
Payroll taxes	4,541	-	4,541
Inspections	42,658	-	42,658
Insurance	2,442	-	2,442
Professional fees	3,125	-	3,125
Office supplies	2,514	-	2,514
Office rent	4,800	-	4,800
Telephone	826	-	826
Postage	317	-	317
Training	119	-	119
Soil erosion inspections	2,970	-	2,970
Miscellaneous	393	-	393
Depreciation	551	347 (b)	898
Total expenditures	<u>101,403</u>	<u>976</u>	<u>102,379</u>
EXCESS OF REVENUE OVER EXPENDITURES	(1,522)	(976)	(2,498)
FUND BALANCES, BEGINNING OF YEAR	91,981	1,443	93,424
FUND BALANCES, END OF YEAR	\$ 90,459	\$ 467	\$ 90,926

(a) Accrued leave time is not recorded in governmental fund financial statements. The statement of net assets recognizes the expense as it is accrued.

(b) Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is reported as an expenditure in governmental funds.

WESTERN WASHTENAW CONSTRUCTION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

WESTERN WASHTENAW CONSTRUCTION AUTHORITY
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JUNE 30, 2008

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WESTERN WASHTENAW CONSTRUCTION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

The accounting methods and procedures adopted by the Western Washtenaw Construction Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The following is a summary of the significant accounting policies used by Western Washtenaw Construction Authority.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. DESCRIPTION OF AUTHORITY OPERATIONS -

The Western Washtenaw Construction Authority (the "Authority") was organized in January 2000 and is located in the southwestern portion of Washtenaw County. The Authority operates under an operating agreement between the Village of Manchester and the Townships of Manchester, Freedom and Bridgewater to provide for the permit issuance, inspection and administration of construction codes and other municipal ordinances. The Authority is governed by a board of directors that is appointed by the participating municipalities.

B. REPORTING ENTITY -

The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Authority, there are no component units to be included in these financial statements.

The accounting policies of the Western Washtenaw Construction Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

C. BASIC FINANCIAL STATEMENTS -

The basic financial statements report information on all activities of the Western Washtenaw Construction Authority. The Authority's activities are normally supported by fees charged for services rendered.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION -

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

WESTERN WASHTENAW CONSTRUCTION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION - (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. All other revenue items are considered to be available only when cash is received by the government.

The Authority reports the following governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Amounts reported as program revenue include: charges to customers or applicants for goods, services or privileges provided.

E. CASH AND CASH EQUIVALENTS -

The Authority has classified cash on hand in checking accounts as cash for balance sheet purposes. Cash in excess of current requirements is invested in a savings account.

F. CAPITAL ASSETS -

The Authority's capitalization policy requires items to cost greater than \$1,000 to be capitalized. Office equipment is depreciated using the straight-line method over their useful lives ranging from 5 to 7 years.

G. COMPENSATED ABSENCES -

It is the Authorities policy to permit employees to accumulated earned but unused comp time. All comp time is accrued when incurred in the government-wide financial statements. The accrued comp time for the year ended June 30, 2008 was \$1,440.

H. ESTIMATES -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WESTERN WASHTENAW CONSTRUCTION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

BUDGETARY INFORMATION -

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The budget document presents information by line items. The legal level of budgetary control adopted by the governing body is the line item level.

BUDGET VIOLATIONS -

During the year, the Authority incurred expenditures in certain budgeted items which were in excess of the amounts appropriated, as follows:

EXPENDITURE	FINAL AMENDED BUDGET	ACTUAL	(EXCESS BUDGET VARIANCE)
Wages	\$ 35,450	\$ 36,147	\$ (697)
Office supplies	2,500	2,514	(14)
	<u>\$ 37,950</u>	<u>\$ 38,661</u>	<u>\$ (711)</u>

NOTE 3 - CASH AND INVESTMENTS:

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest surplus funds as follows:

- 1) Bonds or other direct obligations of the United States.
- 2) Certificates of deposit, savings accounts, deposit accounts or depository receipts of a federally insured bank or credit union.
- 3) Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services. The maturity date of the commercial paper must not be longer than 270 days from the purchase date, and no more than 50% of any fund may be invested in commercial paper at any time.
- 4) United States government or federal agency obligations repurchase agreements.
- 5) Bankers' acceptances of United States banks.
- 6) Mutual funds composed of investment vehicles which are legal for direct investments by the Authority.

The Authority has designated one bank for the deposit of its funds.

The captions on the combined balance sheets relating to cash are as follows:

<u>CARRYING AMOUNT:</u>	<u>GOVERNMENTAL ACTIVITIES</u>
Cash on hand	\$ 182
Insured (FDIC)	100,000
Uninsured and uncollateralized	15,114
Total	<u>\$ 115,296</u>

WESTERN WASHTENAW CONSTRUCTION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 - CASH AND INVESTMENTS: (continued)

The Authority's cash and investments are subject to custodial risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At year end, the Agency had \$15,114 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result the Authority evaluates each financial institution it deposits funds with and assesses the level of risk of each institution.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT:

Capital asset activity of the Western Washtenaw Construction Authority for the current year was as follows:

	07/01/07	ADDITIONS	DECREASES	06/30/08
Office Equipment	\$ 9,165	\$ -	\$ -	\$ 9,165
Less Accumulated Depreciation	6,911	347	-	7,258
Net Capital Asset Being Depreciated	\$ 2,254	\$ (347)	\$ -	\$ 1,907

Depreciation expense for the year ended June 30, 2008 was \$347.

NOTE 5 - RENTS:

The Authority leases office space from the Village of Manchester. The facilities are leased on a month-to-month basis as a continuation of a formal lease that expired. The Authority pays \$400 monthly. The amount of rent paid for the year ended June 30, 2008 is \$4,800.

NOTE 6 - RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Authority has purchased commercial insurance for claims.

NOTE 7 - DEFERRED REVENUES:

The Authority's policy is to collect permit fees at the time that the pertinent permits are issued. These revenues are not earned until an inspection takes place. Amounts collected but unearned are recorded as deferred revenues. At June 30, 2008 deferred revenues totaled \$13,560.

WESTERN WASHTENAW CONSTRUCTION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008

WESTERN WASHTENAW CONSTRUCTION AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES:				
Permits and fees	\$ 98,000	\$ 109,000	\$ 88,873	\$ (20,127)
Interest income	1,500	1,500	2,190	690
Soil erosion	5,000	6,500	7,467	967
Other income	500	500	1,351	851
Total revenues	105,000	117,500	99,881	(17,619)
EXPENDITURES:				
Wages	35,450	35,450	36,147	(697)
Payroll taxes	4,550	4,550	4,541	9
Inspections	56,000	56,000	42,658	13,342
Insurance	2,800	2,800	2,442	358
Professional fees	3,000	3,625	3,125	500
Office supplies	2,500	2,500	2,514	(14)
Office rent	4,800	4,800	4,800	-
Telephone	1,500	1,500	826	674
Postage	400	400	317	83
Training	500	500	119	381
Soil erosion inspections	3,500	3,500	2,970	530
Miscellaneous	500	500	393	107
Contingencies	2,000	1,375	551	824
Total expenditures	117,500	117,500	101,403	16,097
Net change in fund balance	(12,500)	-	(1,522)	(1,522)
FUND BALANCE, BEGINNING OF YEAR	91,981	91,981	91,981	-
FUND BALANCE, END OF YEAR	\$ 79,481	\$ 91,981	\$ 90,459	\$ (1,522)

The accompanying notes are an integral part of these financial statements.

MARKOWSKI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

December 8, 2008

Authority Board
Western Washtenaw Construction Authority

We have audited the financial statements of Western Washtenaw Construction Authority for the year ended June 30, 2008, and have issued our report thereon dated December 8, 2008. Professional standards require that we provided you with the following information related to our audit.

Our responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 12, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Western Washtenaw Construction Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

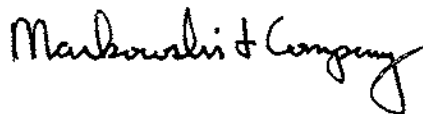
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings of Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Western Washtenaw Construction Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Authority Board and management of Western Washtenaw Construction Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



MARKOWSKI & COMPANY, CPAs

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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

Western Washtenaw Construction Authority
912 City Road
Manchester, MI 48158

In planning and performing our audit of the financial statements of the governmental activities of the Western Washtenaw Construction Authority as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Western Washtenaw Construction Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Segregation of Duties

Because of the limited size of the Western Washtenaw Construction Authority's accounting staff, proper segregation of duties cannot be accomplished. This is an inherent weakness in the internal controls of the Authority. The Authority's board needs to continue to exercise appropriate management oversight to help compensate for the lack of staff. The only corrective action would be to hire additional staff, which is not practical.

Reliance on External Auditors for Certain Control Functions

It is considered a significant deficiency in internal control when a governmental entity relies upon its external auditors as part of its internal control systems. In the Authority's case, it relies on the external auditors to prepare year end financial statements required by the State of Michigan.

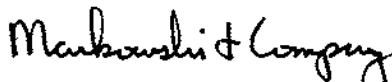
This is considered a significant deficiency because the Authority does not have staff or an independent advisor qualified to ensure the external auditor's work complies with all required standards. To address this, the Authority could either improve the staff's knowledge base through continuing education, or hire a CPA independent of its audit firm to review the annual report. The Authority believes that from a cost-benefit basis, neither of these solutions makes sense. We concur with this decision.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Journal Entries

Journal entries were required during the audit to ensure the financial statement presentation was in conformity with generally accepted accounting principles.

This communication is intended solely for the information and use of management, the Western Washtenaw Construction Authority's board, and is not intended to be and should not be used by anyone other than these specified parties.



Markowski & Company, CPAs
December 8, 2008